



STATE PROCUREMENT OFFICE
NOTICE OF REQUEST FOR EXEMPTION
FROM HRS CHAPTER 103D

12 MAY 29 AIO :31

STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Department of Commerce and Consumer Affairs (DCCA)
Name of Requesting Department

Pursuant to HRS §103D-102(b)(4) and HAR chapter 3-120, the Department requests a procurement exemption for the following:

1. Describe the goods, services or construction:

Act 205 (SLH 2011) established the Hawaii Health Insurance Exchange (aka "Connector"). Pursuant to the federal Patient Protection and Affordable Care Act (PPACA), Public Law 111-148, the Insurance Division of the DCCA submitted an application for level one establishment grant on or about September 30, 2011 to the U.S. Department of Health and Human Services (HHS). Centers for Medicare & Medicaid Services (CMS). The DCCA named the Connector in its application. The DCCA received federal funding to provide financing for the implementation of the Hawaii Health Insurance Exchange. The Connector shall serve as a clearinghouse for information on all qualified plans and qualified dental plans listed or included in the Connector. As required by the PPACA, the Connector must collaborate with the State Department of Human Services (DHS) MedQuest Program to also direct those individuals or families that may be potentially eligible for Medicaid services. The Connector will serve the people and small businesses of Hawaii pursuant to the requirements of the PPACA of 2010. Hawaii is ready to move into the implementation phase. See attachments.

2. Vendor/Contractor/Service Provider:

Hawaii Health Connector

3. Amount of Request:

\$ 14,440,144.00*

4. Term of Contract: From:

1-Jul-12

To:

1-Jan-15

5. Prior SPO-007, Procurement Exemption (PE):

Act 205, SLH
2011

6. Explain in detail, why it is not practicable or not advantageous for the department to procure by competitive means:

The Connector was established to implement the Hawaii Health Insurance Exchange. It is not practicable or advantageous for the State to procure by competitive means another vendor to do what the Connector was established to do pursuant to Act 205, SLH 2011. The State set it up in this manner so the Connector did not have to comply with the state procurement laws. The provisions in the PPACA mandate that either a state entity or non-profit organization may implement the State Exchange. The Connector is named in the federal grant application as the non-profit organization responsible for overseeing the planning, design and implementation of the Exchange. In order to meet the aggressive timeline set forth in the PPACA, the Connector must meet specific milestones. It must be certified by January 1, 2013 and be fully operational by October 2013. If the Connector fails to meet these deadline dates, the Connector will be governed by the federal HHS, CMS. The State DHS Medquest is also working in tandem to build a new Medicaid IT system. The HHS, CMS requires both systems to interface with each other. The anticipated date for the notice of Request For Proposals for both the DHS and Connector is early June 2012. * Opportunities for continued funding under Catalog of Federal Domestic Assistance (CFDA) number 93.525 will be made available to states up until January 1, 2015.

7. Explain in detail, the process that will be or was utilized in selecting the vendor/contractor/service provider:

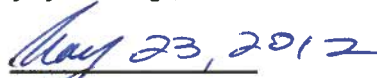
The federal PPACA of 2010 provides for the establishment of health insurance exchanges in every state. Act 205, Session Laws of Hawaii 2011, established the framework for the Connector, which as a nonprofit health exchange conforms to the requirements of the federal law. Act 205 established governance to an interim board, assigned oversight on determining eligibility of the inclusions of insurers and plans, and exempted the DCCA from chapter 103D, HRS on the initial sum of appropriated federal funds pursuant to CFDA No 93.525. The 2012 State Legislature confirmed appointment of the Connector's Board of Directors. While Act 205 does not subject the Connector to laws or rules regulating rulemaking, public employment, or public procurement, the Connector has adopted By-Laws and procurement policies to provide, to the maximum extent practical, open and free competition in its process for building Hawaii's Health Insurance Exchange.

8. Identify the primary individual(s) who is knowledgeable about this request, who will conduct and manage this process, and has 1) completed mandatory training; and 2) who may contact for follow up inquiry, if any.
(Type over "example" and delete cells not used.)

Name of Department Personnel	Division/Agency	Phone Number	e-mail address
Jerry Bump	Insurance Division	586-0985	jerry.L.Bump@dcca.hawaii.gov

*All requirements/approvals and internal controls for this expenditure is the responsibility of the department.
I certify that the information provided above is, to the best of my knowledge, true and correct.*


Department Head Signature


Date

For Chief Procurement Officer Use Only

Date Notice Posted: 5.29.12

Submit written objection to this notice to issue an exempt contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112, shall apply (i.e. vendor is required to be compliant on the Hawaii Compliance Express) and award is required to be posted on the Awards Reporting System.

If there are any questions, please contact Donn Tsuruda-Kashiwabara at 586-0565 or donna.tsuruda-kashiwabara@hawaii.gov.

☒ Approved

☐ Disapproved

☐ No Action Required


Chief Procurement Officer Signature

6/29/2012
Date